

# Exhibit 4

## 3521-5

1 FEDERAL TRADE COMMISSION

2

3 In re: )

4 ALTRIA GROUP ) File No.

5 and ) 191-0075

6 JUUL LABS. )

7

8

9 Friday, December 13, 2019

10

11 Room 8102

12 Federal Trade Commission

13 420-7th Street, S.W.

14 Washington, D.C. 20020

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16 The above-entitled matter came on for  
17 investigational hearing, pursuant to notice, at 9:00  
18 a.m., for the testimony of:

19

20 HOWARD WILLARD

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24 Reported by: Deborah Wehr, RPR

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Willard

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1 was the proper person to continue on as CEO?

2 A. Yeah, I only had a perspective of how he was  
3 performing in the areas I mentioned previously. They  
4 had much deeper exposure to him. And certainly I  
5 probably added my perspective, but I think they were  
6 well aware of it at that point.

7 Q. And the areas that you mentioned, just so we  
8 are clear, is the cost structure at JUUL, the youth  
9 vapor usage and the PMTA progress; is that correct?

10 A. That's right.

11 Q. At this Washington, D.C. meeting, Mr. Willard,  
12 did Mr. Valani or any of the other board members at  
13 JUUL indicate what the next steps were in terms of  
14 determining Mr. Burns' future at JUUL?

15 A. Yeah, I think they said that they were  
16 considering what to do. Clearly it was their decision.  
17 And I think they said that while they were thinking  
18 about whether or not a change made sense, they were  
19 also sensitive to the fact that the company had  
20 accomplished a lot under Mr. Burns' leadership.

21 And I don't remember whether it was at that  
22 meeting or shortly afterward they began to talk about  
23 potentially going out and hiring an executive search  
24 firm to identify a candidate that might become  
25 executive chairman of the company was my understanding.

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1 And I think their thought was, without having to  
2 displace Mr. Burns, they could bring in somebody at a  
3 more senior level who could provide oversight on a  
4 day-to-day basis. And that was ultimately something  
5 they did execute on.

6 Q. Did any member of the JLI board seek your  
7 thoughts about the executive search firm approach to  
8 selecting this new executive for JLI?

9 A. I don't think they sought my counsel on whether  
10 I thought it was a good idea. They told me they were  
11 doing it, and as they made progress identifying  
12 candidates, they sometimes told me that they were  
13 excited about the prospects. But I was not really  
14 involved in it. That was more of a board activity.

15 Q. Did they share who -- strike that.

16 Did they share any potential prospects that  
17 they were considering with you?

18 A. Other than generally saying that the process  
19 was underway and that they were finding interesting  
20 candidates, I don't remember -- certainly I never met  
21 any candidates. I don't remember specific candidates  
22 being identified as somebody that they were getting  
23 ready to take action on.

24 Q. And at what point did you first learn that  
25 Mr. Crosthwaite was under consideration to begin

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1 employment at JUUL?

2 A. I would say that the very first time  
3 Mr. Crosthwaite came up as a candidate to play a  
4 leadership role at JUUL was in May. And I was on the  
5 phone with one of the two leading shareholders, either  
6 Nick Pritzker or Riaz Valani, I can't remember who, and  
7 they had called to ask my opinion on something.  
8 Apparently they had recently hired a new chief  
9 marketing officer, and the chief marketing officer had  
10 been publicly announced, and there was an article in  
11 the newspaper about the fact that that chief marketing  
12 officer's prior experience was at Abercrombie & Fitch,  
13 which in the opinion of some of the people that were  
14 writing the article, meant that he was somebody who had  
15 youth marketing experience, which, while I'm sure he's  
16 a highly responsible marketer, was viewed as probably  
17 not the right optics for an e-vapor company that was  
18 operating in a category that had youth usage issues.

19 And they called to warn me that that article  
20 was coming out, and they said, well, what would you do?  
21 And I said, well, I don't know the facts. I said, but  
22 I think it looks bad. I said, I wouldn't hire a chief  
23 marketing officer that had immediate prior experience  
24 in youth marketing. And they said, well, that was kind  
25 of our instinct too. We have kind of a process where

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1 the board pre-approves these senior hires. It didn't  
2 exactly get followed the right way and he's now on  
3 board, and we are deciding what to do. I said, well,  
4 that's your decision. I said, being in the tobacco  
5 business and being really sensitive about youth  
6 marketing, I said, that's something that probably  
7 somebody at Altria -- it wouldn't have to get to me for  
8 somebody to decide not to hire that person. I said, I  
9 wouldn't do that.

10 They said, well, we are having a bit of an  
11 argument with Kevin about what to do about this,  
12 because this guy is apparently a really terrific and  
13 experienced marketer. We have been looking for a chief  
14 marketing officer.

15 And I have no doubt that this man is somebody  
16 of high integrity and would only market to adults. It  
17 looks bad. I don't know that it is bad.

18 At some point during the conversation, they  
19 said to me, well, we are afraid if we push Kevin on  
20 this, he may get mad and quit. I said, I don't know  
21 what to say about that. And they said, we are  
22 concerned that the company is complicated enough to run  
23 that we don't have a good candidate to run it, and you  
24 know, we were talking about whether or not K.C. was a  
25 candidate.

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1           And I was quite taken aback by that, because  
2   K.C. worked for Altria. He was one of my direct  
3   reports. And certainly while they had gotten to know  
4   him and he probably was highly capable and able to run  
5   JUUL, he had run the cigarette business, so he  
6   understood how to run complex businesses, certainly him  
7   running the JUUL company was not something I had ever  
8   thought about.

9           And I think on the phone at that time I didn't  
10   say much. And I said, well, all right, why don't you  
11   guys go figure out how you are going to handle this,  
12   and I hung up the phone. And I knew that K.C. was  
13   going out to a board meeting in the next couple of  
14   days. So I did say to K.C., I had a rather strange  
15   conversation with one of the board members at JUUL.  
16   They brought up you as a candidate to run the company.  
17   I said, I don't think there's anything that's going to  
18   come of it, but you ought to be aware of it.

19           And so that was the first I had heard of it.  
20   And I would say that on occasion, in talking to K.C.,  
21   he would describe that they were asking his advice on  
22   how he might run the company, and as they were thinking  
23   about a replacement for Kevin, K.C.'s name came up on  
24   occasion. And at that point I had come to an agreement  
25   with K.C. that if he wanted to go take a position at

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1 JUUL, that was his decision. It wasn't something that  
2 I was going to try and convince him to do. Nor was it  
3 something that I would stand in the way of and clearly  
4 was not a decision that I had any role to play in  
5 making that decision. Ultimately, the senior executive  
6 at JUUL reports to the JUUL board, and we didn't have  
7 any formal role in the JUUL board.

8 Q. Turning back briefly to that former Abercrombie  
9 & Fitch marketing officer, did he ultimately end up not  
10 working for JUUL?

11 A. At that moment, I think he did stay onboard at  
12 the company.

13 Q. Do you know if he's still there now?

14 A. I don't know. I think he may have exited as  
15 part of this latest cost reduction program. But I  
16 don't know for sure.

17 Q. Did Mr. Crosthwaite ever come to you and say  
18 that he had been offered officially to join JUUL as the  
19 CEO?

20 A. It was in September, shortly before he was  
21 officially announced as CEO at JUUL, that he did come  
22 see me and say that he had been contacted by Riaz  
23 Valani and Nick Pritzker and that they at least  
24 indicated to him that they were seriously considering  
25 exiting Kevin Burns and bringing in a replacement to